

**State Employee Benefits Advisory Council Meeting**  
**June 24, 2010**  
**Statewide Benefits Office**  
**Dover, Delaware**

The State Employee Benefits Advisory Council met on June 24, 2010 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Thomas Chapman, SEBAC Chair, DSEA,  
Seaford S.D.

Marsha Carson, SEBAC, DOS

Michael Nichols, SEBAC, DSP

Brenda Lakeman, OMB, SW Benefits, Director

Faith L. Rentz, OMB, SW Benefits  
Deputy Director

Patricia Griffin, SEBAC, Admin. Office of the Courts

Ann Skeans, OMB, SW Benefits

Mary Thuresson, OMB, SW Benefits

Dave Leiter, State Employee, DHSS

Jeff Duperon, Ethicon Endo Surgery, Inc.

Dave Reynolds, CEO, Coventry

Daniel Hohenberger, Coventry

Theresa Vreken, Coventry

Mr. Chapman called the meeting to order at 3:00 p.m.

**1. Approval of Minutes**

Mr. Chapman requested all to review the May 19, 2010 SEBAC minutes and then asked for a motion to approve them. Ms. Carson made the motion and Mr. Nichols seconded the motion. Upon unanimous voice vote the minutes were approved.

**2. Update of SEBC Activities – Brenda Lakeman (handout - SEBC June 28<sup>th</sup> meeting agenda)**

There are approximately 1,800 members who did not complete their spousal COB forms at end of Open Enrollment. Letters are going out to them to complete their forms. The spouses are sanctioned as of July 1, which means their coverage is treated as if they are secondary. Their claims get paid at 20 percent at the medical carrier. At the pharmacy they have to pay for their prescription in full and submit it for reimbursement as secondary. Once they complete their COB the sanction is lifted.

Legislation for the Double State Share (DSS) Elimination bill proposed by Senator Katz is being replaced by a bill which only eliminates it going forward for new hires. That is being heard today in the Senate. Epilogue in the Budget Bill, Bond Bill is going to change the elimination period for the disability insurance program from 60 days to 30 days effective August 1, 2010.

The Health Fund Financials are at \$520,000 in the black which is good. If it continues to trend as it seems to be now, the year could end up pretty much flat. It would only be short the money taken out of the surplus, the \$22.7 million.

Several plan changes effective July 1 were explained. Aetna and Blue Cross (BC) have sent their IVF Grandfathering list to Medco. Those people are in place so they do not have to pay the 25 percent co-insurance, nor have different limits placed on them.

BC sent out a letter to members about the Med Solutions update. It will be effective July 1 and not include cardiac nuclear stress testing. A flyer is on our website. There was concern if the medical providers were aware of the changes. It was noted they have also been sent an informational flyer.

Mr. Leiter was concerned that some employees can't read and don't understand the pre-authorization form. Ms. Lakeman suggested employees who need help reading could take someone with them to help and not sign anything they don't understand. An employee will not be held liable if the doctor does not follow the rules. Efforts are being made to inform people of their rights.

In February 2010, SEBC approved the state would comply with the new Mental Health Parity Federal Act (MHPAEA) as of July 1, 2010. Subsequent to the February approval, regulations were released by the federal government. It took several months to interpret the regulations because they are quite complex. In late May, Blue Cross (BC) approached us stating there were more changes that would be needed because of the complexity of the regulation. In order to effectively address this concern the Committee will be asked to allow us to apply for a federal exemption from complying with MHPAEA for one year in order to make sure we know what we need to do and that anything we do also does not cause us to lose our grandfathered status under the Patient Protection and Affordable Care Act (PPACA). The same co-payments that are applicable to medical-surgical benefits have been put in place for our mental health benefits. Treatment limits have been removed. We did what we thought was going to put us in compliance, but the complexity of the rules has thrown everybody for a curve. The BC Association and several other large employers and insurers have asked the federal government for a delay in the implementation date of the regulations. Since we won't know if the delay will be granted, applying for this exemption is in our best interest. There was a request for a list of the non-federal government agencies that have elected to opt out of the Mental Health Parity requirements. Ms. Lakeman will provide the list.

The Health Care Reform Update was explained. The early retiree reinsurance program has \$5 billion set aside by the federal government for employers who cover early retirees (those from 55 to 64 and their dependents) who are not covered by Medicare. If they have claims more than \$15,000 and less than \$90,000, we can apply for reimbursement of 80 percent of those claims. We are awaiting the release of the final application. A draft was released and we have been working with AON to get all of the information needed for that application because it appears to be a first come first serve acceptance by the federal government. They know this \$5 billion is not going to last until 2014. It appears there will be a cut off where you can't apply anymore. Applications will be reviewed, if rejected for some reason, you can fix and reapply. We think we are ready when the application is received according to what's on the draft as long as nothing changes. Hopefully it will be done next week. Nobody's sure when reimbursement will begin. The program doesn't start until June 1 of this year. For us, we would only have one month in this plan year and then all of FY11. Required criteria for applying were explained and all are believed to be in place.

Grandfathering regulations were released last week. It is a plan that was in place as of March 23, 2010 when the Patient Protection and Affordable Care Act was passed. Certain changes could not have been made to your plan within certain parameters after that date or you are not considered grandfathered anymore. We consider our plan to be grandfathered and because it is there are certain things we won't have to do (details given). Grandfathering can be easily lost (examples given). Over the next six months in depth analysis will need to be done to look at whether it's worth keeping the grandfathering or more cost effective to forego grandfathered status. Many details were given and more are coming.

Mr. Chapman informed that there are many who still believe the federal mandated dependent coverage up to age 26 is being implemented July 1. Per Ms. Lakeman the correct information has been distributed in many ways that it will not happen until July 1, 2011.

Concerning Double State Share (DSS), a Senate Substitute is in the works to replace House Bill 247. It will apply to new hires only. Mr. Leiter pointed out that there are some 600 plus employees who are eligible for DSS but not taking it. Mr. Nichols stated that if they were required to take DSS if eligible there would be a savings to the fund. Ms. Rentz stated the revised legislation is an attempt to eventually move toward phasing out DSS. The original bill would have been a savings to the state but not the new bill at least for awhile. The substitute bill would result in DSS participation decreasing and eventually going away without harming those who have it today. The DSS does carry into retirement. The two tiered plan that included eliminating DSS for new hires was tabled until January. Discussion encompassed DSS and the impact that elimination of DSS would have on low pay grade employees.

Concerning the Health Fund, Ms. Griffin asked if there is a plan fairly early in the next fiscal year to look at some issues to figure out for next fiscal year because there isn't surplus to fall back on. Ms. Rentz stated it will be revisited and closely worked on with AON Consulting, most likely after the fiscal year is closed out and the final fourth quarter financial reporting is received in late August. There are many things that will have to be reviewed, including how much health care costs will rise.

Ms. Griffin asked about the status of domestic partner health benefits as follow up to a communication from a state employee. There was brief discussion about the state's legislation on domestic partners being allowed coverage on state health policies. Maryland and New Jersey now allow this. The domestic partner bill was SB 10 in the 144<sup>th</sup> General Assembly and HB 10 in the 145<sup>th</sup> General Assembly. There have been changes in the past few weeks to the legislation. No additional action has been taken as of today per Ms. Rentz. The legislation in this session states same sex only and it does not pay state share for the domestic partner. It would be a January 1, 2011 effective date if passed as currently written.

### **3. SEBAC Comment to SEBC**

None.

### **4. Other Business**

Mr. Chapman informed the SEBAC that he had resigned as Chair. Members thanked him for his contributions and expressed that his leadership had been very helpful on the SEBAC. They also recognized how beneficial his knowledge of SEBAC's history has been to everyone. He will be greatly missed.

### **5. Public Comment**

Jeff Duperon, Ethicon Endo Surgery, Inc. explained the company he represents does bariatric surgeries. Ms. Skeans explained the benefit and the newly implemented 25 percent co-insurance for the procedure for those who do not go to an approved facility. She clarified that we are self insured.

There was discussion and he stated that he was under the impression employees had to pay 50 percent. He would like to present a business case impact in the future to SEBC to show how they could help keep costs down. Ms. Rentz suggested he contact her directly for further discussion.

Mr. Leiter stated there was so much complex information at the last SEBC it was hard to understand and he apologized for his misunderstanding. He is sorry to see Mr. Chapman go as he has so much information and history that helps SEBAC. There were other comments and questions related to the topics discussed.

Ms. Skeans inquired if employees have seen and read the new WellAware newsletter at their agencies. Mr. Chapman stated they don't read it, they are skiddish. Ms. Skeans asked what they could do different or better so they would read the newsletter. They have tried to simplify it. Mr. Leiter stated it is so complex.

There was discussion about how everyone is trying to catch up with all the federal regulation changes. Ms. Rentz agreed and stated her and Ms. Lakeman are participating in multiple webinars weekly in an attempt to keep up. There are many questions without answers. Some answers are creating more questions. It's challenging. It was advised that employees visit our web site for updates.

Mr. Chapman asked for a motion to adjourn. Ms. Griffin made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 4:12 p.m.

Respectfully submitted,

Mary Thuresson  
Administrative Specialist  
Statewide Benefits Unit, OMB